



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS AIR FORCE MATERIEL COMMAND
WRIGHT-PATTERSON AIR FORCE BASE, OHIO

17 MAY 1999

MEMORANDUM FOR SEE DISTRIBUTION

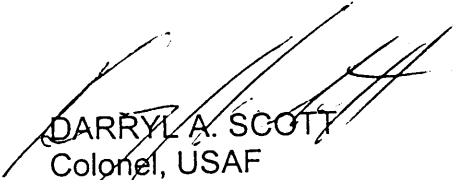
FROM: HQ AFMC/PK
4375 Chidlaw Road, Suite 6
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SUBJECT: Commercial Spare Parts Procurement

1. A recent Air Force Audit Agency survey noted that many contracting officers (COs) are successfully evaluating, negotiating, and documenting reasonable commercial prices. It also noted, however, that in too many cases prices and terms, especially those based on catalogs, are being accepted with little or no evaluation or negotiation. Our COs must be encouraged to carefully evaluate all sole source prices, even if based on catalog or market prices, and to aggressively negotiate to obtain the best achievable business deal, and ensure the price is fair and reasonable.
2. The Audit Agency has two recommendations that should be implemented throughout AFMC. First, we must continue training our COs in commercial pricing methods, market research, and price negotiation. Acquisition Reform week training on Price-Based Acquisition, with major emphasis on negotiation methods, is now being developed. This training, coupled with any local training and the Commercial Acquisition course we previously presented, will satisfy the training recommendation. It is important for all of your COs to take part in the training and receive the support they need to negotiate effectively.
3. A second recommendation addresses the critical time when an item is first determined commercial and evaluated with price analysis methods instead of competition or cost analysis. In many cases the first low-valued commercial procurement sets a precedent for larger, higher-valued procurements to follow. Each center should have a system in place to identify the first commercial buy of an item or service, regardless of dollar value, and to elevate the procurement to higher management. This management review will help ensure that any precedent is appropriate, that the decision to designate the buy as commercial is correct, and that the first commercial price is reasonable. We have chosen not to direct this screening process in the AFMC FAR Sup, but I expect each center to have a process in place that is appropriate for your procurements, meets your needs, and guarantees reasonable pricing of all commercial items and services.

4. Commercial acquisition is becoming a more important and routine part of the acquisition process. Obtaining reasonable prices through careful evaluation and skilled negotiation is critical to the successful use of commercial methods. Your support is needed to make successful commercial acquisition a reality in AFMC.

5. Our point of contact is Mr. Virgil Hertling, HQ AFMC/PKPC, DSN 986-0446, or E-mail Virgil.Hertling@wpafb.af.mil.



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